1775 Pennsylvari a Asria (* 15. 15. 15.) Washington (* 15. 15.) 2027 (383 64.)





July 10, 1996

EX PARTE OR LATE FILED

RECEIVED

JUL 1 0 1996

Federal Communications Commission
Office of Secretary

EX PARTE

William F. Caton Acting Secretary Federal Communications Commission Mail Stop 1170 1919 M Street, N.W., Room 222 Washington, D.C. 20554

Dear Mr. Caton:

Re: CC Docket No. 96-98, Interconnection

Alan F. Quamprin

Yesterday, we faxed the attached material to Jim Schlichting in response to his request. Please associate this with the above referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

041

John W. Bogy Sen or Course! Legal Department 140 New Morrand Fig. 3 to San Francisco Dalifornia 3 to (415, 547-7534



BY FACSIMILE and BY FEDERAL EXPRESS

July 9, 1996

Mr. James D. Schlichting
Chief, Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
Mail Stop Code 1600C
1919 M Street, NW, Room 518
Washington, DC 20554

Re: CC Docket No. 96-98: Implementation of the Local Competition Provisions of the Telecommunications Act of 1996

Dear Mr. Schlichting:

This responds to your request that we file further information about the Cost Proxy Model ("CPM") that was co-produced by Pacific Bell and INDETEC International.

The CPM can identify proxy costs at a highly granular level of detail. It can estimate costs for individual components or "elements" of any network, or for any aggregation of those components. It can be run using a number of different geographical grids, such as central offices, census block groups, cities, counties, or states. The "nationwide" results of other models proposed for use in setting network element prices, such as the Hatfield model, are essentially an average of costs that may have been selected from atypical or widely different networks or geographical areas (such as urban California and rural New Hampshire) to reach a predetermined result. In contrast, the CPM is a true nationwide model. In two to three weeks, using commercially available data, it can estimate component-level costs that are actually specific to any LEC and any state in the country. (Obviously, the CPM -- like all proxy models -- implies nothing about the technical feasibility of unbundling the "elements" whose costs it measures.)

INDETEC ran the CPM for seven density zones in California.

Letter to James D. Schlichting July 9, 1996 Page 2

The results of that run are attached. In summary, CPM found:

	Link	Port	LSW MOU (\$ per line)	LSW MSG (\$ per line)
	LIIIS	LOIL	(a her mo)	(a per mie)
Zone 1 (77,082 lines)	104.13	4.95	2.67	0.43
Zone 2 (268,128 lines)	40.89	4.79	2.65	0.42
Zone 3 (348,418 lines)	32.36	4.34	2.58	0.41
Zone 4 (768,422 lines)	20.24	4.07	2.49	0.39
Zone 5 (3,260,958 lines)	16.44	3.70	2.41	0.36
Zone 6 (5,820,827 lines)	14.14	3.49	2.48	0.36
Zone 7 (2,251,089 lines)	11.43	3.20	2.19	0.31

All these costs are per month. They are marked up 31% over TSLRIC to account for shared and common costs. The shared and common factor was derived by dividing Pacific Bell's total forward-looking shared and common costs by the total of its TSLRICs.

We are running the model now to produce tandem switching costs and should have those by the end of this week. CPM also can be upgraded in a relatively short time to produce component costs for signalling and interoffice transport.

We hope this information assists you. For more detail, we invite you to review the more elaborate description of the CPM that Dr. Richard Emmerson provided in the Declaration he filed with our Reply Comments on May 30. 1996.

We are filing a copy of this letter with the Secretary's office. If you have any questions, please do not hesitate to call me.

Sincerely,

Solan Bagy

CPM DETAIL REPORT: UNBUNDLED LINK - STATEWIDE AVERAGE

COST PROXY MODEL: UNIVERSAL SERVICE EDITION UNBUNDLED LOOP STATE SPECIFIC DATA - ALL STATES, ALL COMPANIES

STATE	:0	A
Lines	-	12,794,983
		كالأسيب بسويس

			CABLE			operating	Cafita
		MON-CASIE		invesiment	revenue	expense	COS
FAMILY	ELEMENT	QUANTITY	(FT)	(5)	(9/MO)	(3/MO)	(\$/MO
Teq	AER_CU		342	19.04	30.50	30.00	30.30
	bur_cu		1,623	153.12	\$0.00	30.00	\$2.1
	COND_CU	5 38 (FT)		23.49	50.00	30.00	\$0.2
	DROP	1.00		51.98	30.00	\$0.00	\$0.7
	Pole_cu	342 (FT)		10.17	\$0.00	90.00	\$0.2
	termīnal	1.00		53.30	\$0.00	\$0.00	\$0.7
	UGD_CU		538	19.98	\$0.00	50.00	80.2
DST	XXX		2,503	339.07	\$0.00	90.00	34.69
FDR	AER CU		217	4.79	\$0,00	\$0.00	\$ 0. 0 7
	ALR TO		839	6.28	50.00	\$0.00	\$0.06
	BUR CU		51	2.25	\$0.00	\$0.00	80.03
	BUR FO		221	3.12	\$0.00	\$0.00	\$0.04
	CONT CU	2.655 (FT)	-	25.24	50.00	\$0.00	30.26
	CONDERO	3,852(27)		8.39	\$0.00	\$0.00	30.06
	COND FOS	2,523(FT)		6.90	50.00	90.00	\$0.07
	Pair_gn	0.43		141.98	90.00	\$0.00	\$2.45
	POLE CU	217 (FT)		3.21	\$0.00	50.00	\$0.04
	POLETO	839 (FT)		10.55	50.00	\$0.00	\$0.12
	SAI	1,00		22.96	\$0.00	\$0.00	50.33
	UGD_CU		2,655	39.43	30.00	\$0.00	80.57
	ned_to		6,374	11 35	\$0.00	\$0.00	30.14
FDR	XXX		10,358	286.36	\$0.00	\$0.00	\$4.28
W VENU	revenu_t	0.00		0,00	\$0.00	30.00	\$0.00
STDSVC	ACCT	1.00		0.00	30.00	\$0. 00	60.00
,,,,,,,,	BILLING	1.00		0.00	50.00	90.22	\$0.00
	EMPSUPT	1.00		0.00	\$0.00	\$0.22	\$0.00 80-00
	eng mv	1,00		0.00	\$0.00	30.00	\$0.00
	GPC IS	1.00		0.00	\$0.00	50.13	\$0.00
	MISC	1.00		0.00	50.00	\$0.16	30.00
	NYS EXP	1.00		0.00	\$0.00	\$0.16 \$0.04	\$0.00
	NVS INV	1.00		0.00	30.00	50.00	30.00
	ocs	1.00		0.00	50.00	\$0.07	\$0.00
	REPR MTC	1.00		0.00	30.00	\$2.13	\$0.00
	SALES	1.00		0.00	\$0.00	\$0.00	50.00
	SEC INV	1.00		0.00	30.00	50.00	\$0.57
	SHR COM	1.00		0.00	50.00	53.82	\$0.00
	tes t ing	1.00		0,90	\$0.00	30.00	\$0.00
TDSVC	жж		*****	0.00	SO. 00	\$6.69	80.57
	xxx						

SUBSIDY PER LINE: \$16.21

CPM SUMMARY REPORT: UNBUNDLED LINK - DENSITY ZONES

COST PROXY MODEL: UNIVERSAL SERVICE EDITION
UNBUNDLED LOOP
DENSITY TYPE SPECIFIC DATA - ALL STATES, ALL COMPANIES

DENSITY TYPE	Cable Length (FI)	investment (\$/line)	revenue (S/Line/MO)	operating Expense (\$/Line/Mo)	Capital Cost (8/Line/MO)	Subgidy (S/Line/MO)	Lines
21	47,557.15	57,107.17	\$0.00	56.32	\$95.81	9104.13	77.082
Z 2	35,548.46	92,316.79	\$0.00	98.21	932.68	340.89	268.128
23	24,257.52	51,741.34	30.00	\$7.59	524.77	\$32.36	346.418
24	18,103.45	\$951.87	50.00	\$7.22	\$13.02	SZD_24	768,422
35	13,305.93	3621-85	\$0.00	36.77	\$9.67	\$16.44	3,260,958
26	11,421-61	\$483,99	\$0.00	\$6.53	37.61	314,14	5,820,827
27	8,379.08	\$321.29	\$0.00	\$6,38	35.05	\$11.43	2,251,089

CPM DETAIL REPORT: UNBUNDLED PORT - STATEWIDE AVERAGE

COST FROMY MODEL: UNIVERSAL SERVICE EDITION UNBUNDLED PORT
STATE SPECIFIC DATA - ALL STATES, ALL COMPANIES

STATE : CA : 12,794,963 Lines

E7	AMILY	ELEMENT	NON-CABLE QUANTITY	Cable Length (FT)	INVESTMENT	revenue (3/mo)	operating Expense (5/mo)	CAPITAL COST (S/MO)
					is to Make with			
50	ST	300 GV		٥	0,00	\$0.00	\$0.00	\$0.00
J.	9.1	aer_cu Bur cu		0	6.00	\$0.00	30.00	\$0.00
		רסאס כח	C(EI)	•	0.00	\$0.00	\$0.00	\$0.00
		DROP	1,00		0.00	\$0.00	90.00	\$0.00
		POLE CU	O(FT)		0.00	80-00	\$0,00	\$0.00
		TERMINAL	1.00		0.00	\$0.00	\$0.00	50.00
		טפס כט	2	٥	0.00	\$0.00	30.00	\$0.00
		~~~						
DS	\$T	XXX		0	9.00	50.00	\$0.00	\$0.00
FI	SR.	AER CU		0	0.00	S0.00	\$0.00	90.00
		AER FO		0	0.00	\$0.00	\$0.00	30.00
		BURCU		0	0.00	\$0.00	30.00	\$0.00
		BUR FO		O	0.00	\$0.00	50.00	80.00
		COND CU	O(FT)		0.00	80.00	\$0.00	\$0.00
		COND FO	0(71)		• • •	\$0.00	*****	
		COND FOS	O(ET)			80.00		
		PAIR GN	0.43		0.00	50.00	\$0.00	\$0.00
		POLE CU	O(FT)		0.00	\$0.00	90.00	\$0.00
		POLE FO	0 (FT)		0.00	50.00	80.00	\$0.00
		SAI	1,00		0.00	SD-00	\$0.00	50.00
		ued cu		0	0.00	\$0.00	\$0.00	30.00
		UGD_FO		0	0.00	30.00	\$0.00	\$0.00
FD	R	XXX		0	0.00	80.00	90.00	\$0.00
RE	VENU	REVENU_T	0.00		0.00	50.00	80.00	\$0.00
54	DEVC	ACCT	1.00		0.00	50.00	30,00	60.00
• • • • • • • • • • • • • • • • • • • •	0010	BILLING	1,00		0.00	\$0.00	50.05	\$0.00
		EMPSUPI	1.00		0.00	30.00	50.07	\$0.00 \$0.00
		ENG MV	1.00		0.00	30.00	20,00	\$0.00
		GPC IS	1.00		0.00	\$0.00	\$0.09	30.00
		MISC	1-00		0.00	\$0.00	50.13	\$0.00
		NVS EXP	1.00		0.00	30.00	\$C.00	\$0,00
		NVE INV	1.00		0.00	\$0.00	FO.00	30.00
		ocs	1.00		0.00	\$0.00	\$0.05	90.00
		REPR MIC	1.00		0.00	\$0.00	90.62	\$0.00
		SALLS	1.00		0.00	30.00	90.05	\$0.00
		SEC INV	1.00		0.00	30.00	\$0.00	50.00
		SHR_COM	1.00		0.00	30.00	30.86	\$0.00
		TESTING	1.00		0.00	\$0.00	\$0.00	80.00
							~~~~	
\$11	DSVC	XXX			0.00	\$0.00	81.94	\$0.00
5M/	/10	sw_lt	1.00	4	112.88	96.00	\$0.00	\$1.65
5W/	/10	XXX			112.88	90.00	\$0.00	\$1.65
XX	•	XXX		٥	112.88	\$0.00	91.94	91.65

SUBSIDY PER LINE: 53.69

SUMMARY REPORT: UNBUNDLED PORT - DENSITY ZONES

COST PROXY MODEL: UNIVERSAL SERVICE EDITION UNBUNDLED PORT DENSITY TYPE SPECIFIC DATA - ALL STATES, ALL COMPANIES

Density Type	Cable Length (FT)	Investment (3/Line)	REVENUE (OM/INI/E)	OPERATING EXPENSE (\$/LINE/MO)	CAPITAL COST (\$/LINE/MO)	SUBSIDY (\$/LINE/MO)	LINES
21	47,557.15	5173.28	\$0.00	\$2.41	\$2.54	64.95	77,092
Z 2	35,548.46	3164.41	\$0.00	\$2.38	32-41	\$4.79	260,128
23	24.257.52	9145.94	50.00	32.20	\$2.14	\$4.34	348.418
24	18,103.45	9134-96	\$0.00	92.09	\$1.98	54.07	768,422
Z 5	13,385.93	\$116.67	\$0.00	51.96	\$1.74	33.70	3,260,958
26	11,421.61	3109.54	90-00	\$1.89	\$1.60	83.49	5.820,827
z 7	6,379.08	391.99	\$0.00	81.85	\$1.35	\$3.20	2,251,089

CPM DETAIL REPORT: UNBUNDLED LOCAL SWITCHING MOU - STATEWIDE AVG

COST PROXY MODEL: UNIVERSAL SERVICE EDITION UNBUNDLED LOCAL MOU STATE SPECIFIC DATA - ALL STATES ALL COMPANIES

المثان والتال	اخت البطاعين	ومعصب	
STATE		:	CA
Lines		:	12,794.953

FAMILY	ELEMENT	Non-Carle Quantity	Cable Length (T1)	INVESTMENT	REVENUE (9/MO)	operating expense (\$/MO)	Capital Cost (9/MO)
DST	AER_CU		0	0.00	\$0.00	\$0.00	50.00
DS 1	BUR CU		ă	0.00	30.00	\$0.00	\$0.00
	COND CU	0(FI)	•	0.00	\$0.00	30.00	90.00
	DROP	1.00		0,00	\$0.00	\$0.00	\$0.00
	POLE CU	O(FT)		0.00	50,00	\$0.00	50.00
	TERMINAL	1.00		0.00	50.00	\$0.00	30.00
	UGD_CU		0	0.00	\$0.00	30.00	90.00
DST	XXX		0	0.00	30.00	50.00	50.00
FDR	AER_CU		0	0.00	30-00	\$0.00	\$0,00
	aer fo		0	0.00	\$0.00	\$0.00	80.00
	BUR_C U		0	0.00	\$0.00	80.00	\$0.00
	bur_fo		0	0.00	\$0.00	90.00	80.00
	C ೦ N <u>™</u> _ದು	0(FT)		0,00	30.00	\$0.00	\$0.00
	COND_FO	0(FI)			\$0.00		
	COND_FO9	C(FI)			90.00		
	PAIR GN	0.43		0_00	\$0.00	50.00	\$0.00
	POLE_ CU	O(EI)		0.00	\$0.00	50.00	90.00
	Pole_fo	0(EI)		0.00	50.00	80.00	90.00
	SAI	1.00		0.00	30.00	30.00	90,00
	ned_ca		٥	0.00	\$0.00	\$0.00	\$0.00
	uad_fo		0	0.00	\$0.00	50.00	90.00
FDR	****			9.00		*******	
FUR	XXX		a	Ð . U Ų	\$0.00	90.00	30.00
rev e nu	revenu_T	0.00		0.00	\$0.00	50.00	\$0.00
STDSVC	REPR_MTC	1.00		0.00	50.00	\$0.19	\$0,00
	SHR COM	1.00		0.00	\$0.00	\$0.5€	50.00
STDSVC	XXX		*****	0.00	\$0.00	50.76	\$0.00
SW/IO	SM_MOU_F	446.91		113.65	\$0.00	80.00	\$1.66
SW/IO	XXX		4,540,5	113.65	\$0.00	\$0.00	\$1.66
K)CX	XXX		Û	113.65	\$0.00	80.76	31.66

SUBSIDY PER LINE: 52.42

- 1. 1935 - 1. E

CPM DETAIL REPORT: UNBUNDLED LOCAL SWITCHING MOU- DENSITY ZON

COST PROXY MODEL: UNIVERSAL SERVICE EDITION UNBUNDLED LOCAL MOU DENSITY TYPE SPECIFIC DATA - ALL STATES, ALL COMPANIES

DENSITY TYPE	Cable Length (FI)	INVESTMENT (8/LINE)	REVENUE (9/LINE/MO)	Operating Expense (3/Line/MO)	Capital Cost (\$/Line/Mo)	Subsidy (s/Line/Mo)	LINES
Z l	47,557.15	\$118.37	90.00	50-94	\$1,73	32.67	77,082
Z2	35,548.46	9117.22	30.00	\$0,93	\$1.72	\$2,65	268,129
23	24,257.52	\$117.66	\$0.00	50.96	\$1.72	32.58	348,418
Z 4	18,103.45	\$113.68	30.00	50.82	91.67	\$2.49	768.422
25	13,365.93	\$112.06	90.00	\$0.77	\$1.64	\$2.41	3,260,958
Z6	11.421.61	\$119.12	\$0.00	\$0.74	51.74	\$2.48	5.820.827
27	8,3 79.08	\$100. 6 0	\$0.00	\$0.72	\$1.47	\$2.19	2,251,089

Yourset A. Comme

CPM DETAIL REPORT: UNBUNDLED LOCAL SWITCHING MSG - STATEWIDE AVG

COST PROXY MODEL: UNIVERSAL SERVICE EDITION unbundled local mag state specific data - all states, all companies

SHARES SHARES AND RESIDENCE	
STATE	:CA
Lines	: 12,794,983
	ورود المراجع والمراجع المراجع

FAMILY	element	NON-CABLE QUANTITY	(EI)	Investment (8)	revenue (3/mo)	operating Expense (S/MO)	Capital Cost (9/Mo)
DST	AER CU		0	0.00	\$0.00	\$0.00	30.00
	BUR_CU		0	0.00	\$0.00	\$0.00	\$0.00
	COND_CU	O(EI)		0.00	\$0.00	30.00	\$0.00
	DROP	1.00		0,00	30.00	50.00	\$0.90
	POLE_CU	O(EX)		0.00	90.00	\$0.00	\$0.00
	termīnal	1.00		0.00	50.00	\$0.00	50.00
	nep_cn		٥	0-00	\$0.00	90.00	\$0.00
DST	XXX		0	0.00	\$0.00	30.00	\$0.00
PDR	AER CU		0	0.00	\$0.00	\$0.00	30.00
	AER FO		ā	0.00	30.00	30.00	90.00
	BUR_CU		ō	0.00	50.00	\$0.00	\$0.00
	BUR FO		ā	0.00	\$0.00	30.00	\$0.00
	COND CU	0(FT)	•	000	30.00	80.00	\$0.00
	COND_FO	0(FI)		0.00	\$0.00	80.00	30.00
	COND FO9	O(FT)			30.00		
	fair gn	0.43		0.00	50.00	\$0.00	30.00
	POLE CU	O(FT)		0.00	\$0.00	30.00	30.00
	POLE FO	0(21)		0.00	30.00	SO.00	\$0.00
	SAI	1.00		0.00	\$0.00	\$0.00	\$0.00
	UGD CU	1.00	ō	0.00	\$0.00	\$0.00	30.00
	UGD_FO		٥	0.00	\$0.00	90.00	\$0.00
	095_10			0.00	30.00	30.00	30.00
FDR	XXX		0	0.00	\$0.00	80.00	30.00
REVENU	revenu_t	0.00		c.00	\$0.00	\$0.00	\$0.00
STDSVC	REPR_MTC	1,00		0.00	\$0.00	\$0.03	50.00
	SHR_COM	1.00		0.00	\$0.00	90.08	30.00
STOSVC	XXX			0.00	\$0.00	50.11	30.00
5W/IO	i_dam_wa	119.22		16.66	\$0.00	\$0.00	80.24
SW/IO	XXX		T	16.66	\$0.00	\$0.00	50.24
XXX	XXX		٥	16.66	50.00	30.11	\$0.24

SUBSIDY PER LINE: 50.35

CPM DETAIL REPORT: UNBUNDLED LOCAL SWITCHING MSG- DENSITY ZONES

COST PROXY MODEL: UNIVERSAL SERVICE EDITION
UNBUNDLED LOCAL MSG
DENSITY TYPE SPECIFIC DATA - ALL STATES, ALL COMPANIES

	CABLE			operating	CAPITAL		
Density	Length	investment	REVENUE	expense	Cost	Subsidy	
TYPE	(FT)	(S/LINE)	(3/LINE/MO)	(\$/Line/Mo)	(\$/LINE/MO)	(\$/Line/mo)	LINES
<i>\$\$\$\$</i> \$\$\$5.	5 <i>5555555</i> 555	<i>(135533355555</i>);	5555555555 5555	f <i>ffff</i> ffffff	<i>fffffffffffff</i>	<i>\$\$\$\$\$\$\$\$\$\$\$\$</i> \$\$	f\$\$\$\$\$\$\$\$\$\$
Zl	47,557.15	\$19.83	\$0.00	\$0.14	\$0.29	\$0.43	77,082
12	35,548.46	\$19.20	\$0.00	90.14	30.28	50.42	268,128
23	24,257.52	519.26	\$0.00	\$0.13	S0.28	50.41	340,416
24	10,103.45	\$10.10	\$0.00	\$0.12	\$0.27	\$0.39	769,422
25	13,385.93	516,48	30 .00	\$0.12	30.24	\$0.36	3,260,958
26	11,421.61	517.29	\$0.00	\$0.11	30.25	\$0.36	5,820,827
2 7	8,379.08	\$13.96	\$0.00	\$0.11	\$0.20	90.31	2,251.009